

Chairman Tutvedt and members of the Senate Taxation Committee:

Due to a scheduling conflict I will most likely be unable to join your discussion today on Senate Bill 4.

Since we last met our organization has had a fuller discussion of the features in the bill and the fiscal note which was not previously available.

The Montana Association of Realtors took a position in favor of Senate Bill 4 with the following provisions:

- 1) The bill should contain a reappraisal cycle no shorter than two years. If things go well a future legislature may decide to go to the annual cycle. Remember that Montana is the only state in the country to appraise the whole state at one time, so let's proceed carefully. It is indeed a huge endeavor, and even though people have the best of intentions, things can go wrong, or not exactly as planned.
- 2) Revenue neutrality as to class, so that Class Four, the big Kahuna in property taxes, does not pick up a greater percentage of the property tax burden between the 16 classifications of property in Montana. Right now Class Four is approximately 63% of the property tax base.
- 3) Revenue neutrality as to total taxes paid, so that the re-valuation process through Senate Bill 4 should be mitigated to the extent that there should be no additional taxes raised by reason of the re-valuation process. This was the stated goal of the Schweizer Administration in the last reappraisal, and has been the stated position of previous reappraisal legislation.
- 4) Careful attention to the fiscal note given that there are already over 300 employees in the property tax division and it is one of the most expensive taxes to administer. The addition of technology, such as the aerial telemetry and change detection software, should lead towards fewer rather than more employees.

Thank you for considering our views on this important legislation.

Joe Roberts